



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 10, 2002

H.R. 3173

Servicemembers and Military Families Financial Protection Act of 2001

As introduced on October 25, 2001

H.R. 3173 would increase the maximum amount of insurance coverage available to members of the armed services, and would amend the Soldiers' and Sailors' Civil Relief Act of 1940 (SSCRA) by increasing the maximum rent payment that active-duty servicemembers can make and still be protected from eviction. CBO estimates that enacting this bill could increase direct spending for insurance payments, but CBO cannot provide a specific estimate. Because this bill could affect direct spending, pay-as-you-go procedures would apply.

H.R. 3173 would increase the maximum amount of insurance coverage available to members of the armed forces under the Servicemembers Group Life Insurance (SGLI) program. The current coverage limit is \$250,000. H.R. 3173 would allow servicemembers to elect coverage in the amounts of \$500,000, \$750,000, or \$1 million. The SGLI program is wholly funded by premiums paid by servicemembers but current law provides for reimbursements to the SGLI trust fund by the armed services should mortality rates exceed certain levels that are based on the mortality rates from the previous three years.

Mortality rates for members of the armed services have been relatively low over the past few years given peacetime conditions. CBO cannot estimate whether the recent increase in casualties from the on-going war on terrorism would require the federal government to reimburse the SGLI trust fund because the Department of Veterans Affairs (VA) must have a full year of casualty data to calculate the changes to the mortality rates which determine whether federal payments must be made. Nor can CBO estimate what affect the scope of the war on terrorism and associated future casualties might have on federal payments to cover SGLI claims in the future. CBO notes that this federal spending could occur without the proposed increase in the insurance limits, but that increasing the amount of insurance coverage could increase potential payments to the fund. According to VA, federal payments made because of high servicemember mortality have not been made since the end of the Vietnam War.

H.R. 3173 also would amend the SSCRA by increasing the maximum rent payment that active-duty servicemembers can make and still be protected from eviction. Under current law, active-duty servicemembers and their dependents have a temporary reprieve from eviction for nonpayment of rent. To proceed with an eviction, a landlord must obtain a court order authorizing the eviction. Should the judge find that the servicemember's military service has materially affected his ability to pay rent, the eviction can be postponed for up to three months. Section 2 of this bill would increase to \$1,950 the maximum monthly rent a servicemember can pay and still be afforded this protection. CBO estimates that implementing this section would have no impact on federal spending.

H.R. 3173 contains a private-sector mandate as defined by the Unfunded Mandates Reform Act (UMRA). The bill requires a landlord who wishes to evict an active-duty tenant or his or her dependents for nonpayment of rent to obtain a court order authorizing the eviction. If the court finds that the member's military service materially affects the ability to pay rent, it can stay the eviction for up to three months. Section 2(a) would extend the mandate by increasing the monthly lease amount that is protected under this act. CBO estimates, however, that the costs of complying with this mandate would not exceed the threshold as specified in UMRA for private-sector mandates (\$115 million in 2002, adjusted annually for inflation).

H.R. 3173 contains no intergovernmental mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

The CBO staff contact for federal costs is Michelle Patterson. The CBO staff contact for private-sector mandates is Sally S. Maxwell. This estimate was approved by Peter Fontaine, Deputy Assistant Director for Budget Analysis.